

CHAPTER 4

MATERIAL EXPENDITURES

4000 INTRODUCTION

The expenditure of material is the act of removing from the unit/detachment's stock records a specific quantity of an item that was passed to another user/activity or disposed of in accordance with directives from higher authority. Expenditure also occurs when stock material is lost or no longer usable due to shelf life restrictions or damage. This chapter will discuss the various types of expenditures and the procedures applicable to each.

1. Types of Expenditures. Expenditures of material are classified into three types as follows:

a. Issues. An issue is the physical act of turning over material by the Supply Department, either immediately upon receipt onboard or from Supply Department stocks, to the using department or supported unit as the result of a customer request. The term "issues" will not be used interchangeably with the term "transfers".

b. Transfers. A transfer is the movement of RFI material from the custody and records of an activity to the custody and records of another activity.

c. Survey. Survey is the expenditure of material when it is lost, damaged, or unserviceable for some reason (NRFI and not economically repairable). Surveys are accomplished on a DD Form 200, Financial Liability Investigation of Property Loss (FLIPL). When a FLIPL is approved, it becomes an expenditure document and will be assigned a serial number in the expenditure document series.

4001 EXPENDITURE DOCUMENT NUMBERING SYSTEM

Expenditure documents will be numbered in accordance with the Military Standard Requisitioning and Issue Procedures (MILSTRIP) numbering system. The document number consists of the service designator code, the Unit Identification Code (UIC), the four-digit Julian date, and a four-digit 7000 series serial number, e.g., R52192-2113-7016. Expenditure document numbers will not duplicate document numbers assigned to requisitions unless the requisitions are for replacement DLR items.

4002 EXPENDITURE RECORD LOG

1. All MOMAU/MOMAD units will maintain an expenditure log.

2. The expenditure record log is used to control expenditure document number assignments and to provide a record of all expenditures (except issues). The expenditure record log will be divided into two segments as described below:

a. Expenditures, except for DLR Items. This section of the expenditure record log will be maintained for recording all transfers and surveys. If the unit assigns blocks of serial numbers as authorized in paragraph 4001, this segment will be subdivided to include a separate section for each material category. The serial numbers in each section will run consecutively throughout the fiscal year. The following information is the minimum that will be recorded in the log for each expenditure:

- (1) Expenditure document number
- (2) Department from which expended
- (3) Shipped to (disposition)
- (4) Date shipped
- (5) Material identification
- (6) Remarks

4003 EXPENDITURE INVOICE FILES

The expenditure invoice file will contain the original, or a copy when the original is required elsewhere, of each expenditure invoice prepared by the unit. Internal issue documents will not be included in the expenditure file. Expenditure invoices will be filed by expenditure document number. Expenditure invoices for DLR items will be placed in a separate file from other expenditure invoices. The expenditure invoice file will be retained for three years after completion of expenditure action in expenditure number sequence.

4100 TRANSFER TO OTHER ACTIVITIES

Commanding Officers/Officers-in-Charge are strongly encouraged to provide available material, especially repair parts, to other units to fill urgent requirements and enhance overall force readiness. Units will not request material from another unit for the sole purpose of replenishing stocks to allowance levels when the action results in the transferring unit falling below allowance. If directed to transfer material to fill urgent requirements, the transferring unit will replenish its own stock as necessary. Signal code "J" requisitions are not authorized since the majority of replenishments will be

absorbed by the transferring unit's own OPTAR with negligible effect. Additionally, units will usually receive as much material as is transferred. The transferring unit will prepare a DD Form 1348-1A in accordance with reference (a).

4101 TRANSFER TO DEFENSE REUTILIZATION AND MARKETING OFFICE (DRMO)

1. Materials turned into Defense Reutilization and Marketing Office (DRMO) fall into one of three categories: items that need inventory manager disposal authority; items that do not need inventory manager disposal authority; or scrap and waste. Materials shipped/transferred to DRMO shall be accomplished with an Issue Release/Receipt Document, DD Form 1348-1A. Activities should not prepare a document for items going to disposal until proper demilitarization is accomplished. An exception to this rule would occur if the DRMO has existing contracts for demilitarization of the item prior to sale. Items turned into DRMO shall be annotated in the disposition column of the expenditure log.

2. Disposal Authority Codes. DOD imposed controls over material turned-in to DRMO require the use of disposal authority codes (see NAVSUP P-485, Appendix 8M). Failure to include the disposal authority code on the Issue Release/Receipt Document, DD Form 1348-1A, will result in rejection of the material by the DRMO. Since many DRMOs will accept turn-ins by appointment only, prior contact is encouraged.

4102 EXCESS MATERIAL

1. All material in excess of allowance and requirements, with the exception of Depot Level Repairables (DLRs) and items covered in paragraph 4300 below, will be processed as follows:

a. Report excess chargeable material bi-annually (March and September) to all MOMAG sites via naval message using the format outlined in Figure 4-1.

b. DLR Items. This section will be maintained for recording all shipments of unserviceable DLR items. Document numbers in this section will duplicate document numbers assigned to the replacement requisitions. The following information will be recorded in this section of the Expenditure Record Log:

(1) Expenditure document number (same as replacement requisition Document number). The skeletonized DLR expenditure log entry will be made at the time of issue/requisition. This entry will be completed after shipment of the DLR carcass.

(2) Department from which expended

(3) DOP or transshipping activity

COMOMAGINST 4000.1P

14 Aug 02

(4) Date shipped

(5) Material identification

(6) Remarks

RATUZYUW RUCOMCC8594 2802059-UUUU--RUWHTXB.
ZNR UUUUU ZUI RUDJAMIO715 2801701
R 071701Z OCT 98 ZYB PSN 618216J24
FM MOMAU THREE COLTS NECK NJ//00//
TO RUWFBNE/MOMAU ONE SEAL BEACH CA//00//
RUFEPSE/MOMAU FIVE SIGONELLA IT//00//
RUHEMBI/MOMAD SEVEN BARBERS PT HI//00//
RUNGCAE/MOMAU EIGHT GU//00//
RHAKMAG/MOMAU TEN KADENA JA//00//
RHFJFMF/MOMAU ELEVEN CHARLESTON SC//00//
RUYNJWB/MOMAU TWELVE MISAWA JA//00//
RUCOGAF/MOMAU FOURTEEN YORKTOWN VA//00//
RUWHKIE/MOMAU FIFTEEN KINGSVILLE TX//00//
INFO RUWHTXB/COMOMAG CORPUS CHRISTI TX//N3//
BT
UNCLAS //NO8550//
MSGID/GENADMIN/MOMAU THREE/-/OCT//
SUBJ/EXCESS CHARGEABLE MATERIAL//
REF/A/DOC/COMOMAG/15DEC97//
AMPN/REF A IS COMOMAGINST 4000.1M//
POC/PASCOE/MN1/MOMAU THREE/-/TEL:(DSN) 449-2251
/TEL:(COMM) 732-866-2251/TEL:(FAX) X-1088//
RMKS/1. IAW REF A, THE FOLLOWING EXCESS CHARGEABLE MATERIAL IS
AVAILABLE FOR REDISTRIBUTION. READ IN THREE COLUMNS:
NIIN/DWG NOMENCLATURE UI QTY
DWG 2420142-4 WRENCH, INTERNAL EA 31
DWG 7029633 TOOL, PRYING EA 01
DWG 723303-01 TAP, THREAD CUTTING EA 01
DWG 723303-02 TAP, THREAD CUTTING EA 01
00-008-2123 GASKET EA 06
00-043-4790 FUSE, 8A, 32V EA 01
00-054-5647 SCREW, MACH, PNH HD 61
00-054-5648 SCREW, MACH HD 48
00-054-5649 SCREW, MACH EA 63
00-054-5652 SCREW, MACH EA 44
00-059-3665 SCREW, CAP, SCH EA 03
00-060-2424 FUSE, 5A, 250V EA 10
00-068-5414 SCREW, CAP, SCH EA 09
00-071-2088 SCREW, MACH EA 05
00-083-8581 CABLE ASSEMBLY EA 11
00-086-8493 TRANSFORMER EA 07
00-088-5046 WASHER, LOCK EA 05
00-102-8670 WRENCH, OPEN END EA 07
00-120-1020 BATTERY, DRY EA 25
//

Figure 4-1. Excess Chargeable Material Message

Table 4-1. Demand Recording MILSTRIP

CC	Field	Entry
1-3	Document Identifier (DIC)	"DHA"
4-6	Routing Identifier (RIC)	RIC of the ICP
7	Media and Status	S
8-20	Stock Number	FSC-NIIN of Item
21-22	Special Material Identification Code	Leave Blank
23-24	Unit of Issue	Self Explanatory
25-29	Quantity	Five digit (i.e. 00001)
30-43	Document Number	From Expenditure Log
44	Suffix	R
45-50	Supplementary Address	Leave Blank
51	Signal Code	D
52-53	Fund Code	Leave Blank
54-56	Distribution Code	COG (i.e. 1H, 9Z)
57-59	Project Code	869, 875
60-66	Priority/RDD/Advice Code	Leave Blank
67-69	Routing Identifier	Leave Blank
70	Activity Classification Code (ACC)	Leave Blank
71	Condition Code	Leave Blank
72-80	Blank	Leave Blank

4103 SERVICE AND EXERCISE TRAINING (ET) MATERIAL

1. Reference (l) initiated the "Report of Excess" (FTE) system for conventional ammunition to replace the Ammunition Deposition Request and Authorization (ADRA), NAVSEA Form 8012/2. FTEs are submitted via DAAS in MILSTRIP format for items in excess of allowance and non-conforming items that do not receive automatic disposition through NAVSEA SW550-AA-MMI-010. Material requiring submission of supplement "B" or "E" sheets will require disposition requested by FTE (with this noted on the "B" or "E" sheet) unless it is anticipated that NSWC CSS will request material to be held for local repair or shipped to NSWC CSS for analysis. Submission of FTE provides a more rapid response for disposition than previous methods and, pending release of changes to reference (m), will be submitted in accordance with procedures in reference (n), with the following amplification/exceptions:

- a. Condition Code (C/C) of the material must be determined. Suspended condition codes such as "J" or "K" may not be used on FTEs.
- b. Material must be reported into CAIMS prior to submission of FTE.
- c. Specific position entries are outlined in Table 4-2.
- d. Items submitted through DAMES or by message will use the applicable card columns listed above. Requests for disposition submitted by message will place the first 59 positions on line one

followed by 1 of 2 in positions 60-63. The second line will begin with position 60 and have 2 of 2 entered where positions 81-84 would be (directly under 22-25 of the first line). Figure 4-2 is an example (in this case an ET item in C/C F from Unit Fifteen).

Table 4-2. FTE MILSTRIP

CC	Field	Entry
1-3	Document Identifier (DIC)	"FTE"
4-6	Routing Identifier (RIC)	RIC of the ICP
7	Media and Status	2
8-20	Stock Number	FSC-NIIN of Item
21-22	Special Material Identification Code	Leave Blank
23-24	Unit of Issue	Self Explanatory
25-29	Quantity	Five digit quantity (i.e. 00001)
30-43	Document Number	From Expenditure Log
44	Suffix	Leave Blank
45-50	Supplementary Address	"Y" in cc 45, remainder blank
51	Signal Code	D
52-53	Fund Code	Y6
54-56	Distribution Code	Leave Blank
57-59	Project Code	869, 875
60-66	Priority/RDD/Advice Code	Leave Blank
67-69	Routing Identifier	Submitting activity RIC
70	Activity Classification Code (ACC)	"F" for Service; "K" for E/T
71	Condition Code	Condition Code of item
72-80	Blank	Leave Blank

Figure 4-2. Sample FTE MILSTRIP

FTENCB21350004567890	EA00001N5564271818500	Y	DY6	875	10F2
NEVKF	20F2				

2. FTE requests will usually be responded to with Document Identifier FTR. A Document Identifier (FTD) response indicates disposition will be provided at a later date (anticipated date will be entered in positions 70-73). Reference (1) can be used to interpret the coded responses.

3. Disposition provided by an FTR document will cite one of two excess transaction status codes: SN (retain on board, with no further disposition to be provided) or TE (redistribution or disposal instructions will be provided).

a. While SN responses may be provided simply to direct material to be retained, SN responses will also be provided if the item, in the quantity and condition code listed on the FTE, is not reflected in CAIMS. SN responses will occur if an FTE for the item in question was previously submitted, and disposition was provided, whether or not the requesting unit acknowledged the disposition instructions. In this

14 Aug 02

instance the material appears to be in CAIMS by the site's records. Since disposition was provided, the item has been accounted for at the IM level. This is why close attention to incoming MILSTRIP formatted documents is important. A second FTE for the same item should not be submitted, instead a follow-up on the original FTE would be the proper method.

b. In the case of TE responses, disposition will be provided with a new document number (disposal documents will cite DICs, BGD, BGJ or A5J and redistribution documents will cite DICs A2A, A4A or A5A). When a new document number is assigned by the IM, the original FTE document number submitted is considered closed in the CAIMS system. The new document number should be entered in the remarks block of the expenditure log. Again, close attention to incoming MILSTRIP formatted documents is important. Documents citing the previously mentioned DICs are providing disposition for an FTE and will only be recognizable by the NIIN, quantity, C/C, and ACC.

c. Disposal Release Orders (DROs) citing DICs BGD or BGJ, with the exception of OCONUS and Hawaii RICs, will contain the supplementary address of Crane Navy Special Defense Property Disposal Account (SDPDA) (UIC 32357). DROs with OCONUS and Hawaii RICs will have a blank supplementary address, and NSWC Crane Code 4022 will provide disposition. DIC A5J DROs will have a blank supplementary address, and activities should refer to DOD 4150.21-M-1 for inert certification requirements and transfer this material to the servicing DRMO. All open DROs (not issued to a demilitarization account) and existing SAPDO material will be addressed by NSWC Crane Code 4022. Submit ATRs in accordance with reference (m) to remove these items from the CAIMS active inventory.

4. If disposition has not been provided within 30 days of FTE submission, a follow-up should be submitted using DIC FTF. Additionally, a cancellation may be submitted using DIC FTC if conditions warrant.

5. All high priority requisitions must be sent via naval message with COMOMAG as an addressee.

4200 SURVEYS

1. Despite the physical security and quality control safeguards established by naval activities in their stewardship of government property, discrepancies may occur between stock or property book balances and the physical status of material in storage. These discrepancies will be subjected to review/approval thresholds as described by their applicable category, such as supply system stock or property book material. NAVSUP policy and procedures for physical inventory management, including detailed guidance for processing the Financial Liability Investigation of Property Loss (FLIPL), DD Form

200, are provided in reference (n). All items are subject to FLIPL procedures, with the exception of incoming shipment discrepancies, which can be attributed to shipper or carrier liability. The discrepancy is reported per reference (i).

2. Definitions. The following definitions apply to the survey process:

a. Accountable Officer. An individual appointed by proper authority who maintains item and financial records in connection with U.S. Government property, irrespective of whether the property is in his/her own possession for use or storage, or is in the possession of others to whom it has been officially entrusted for use or care and safekeeping, and may entail "financial liability" for failure to exercise his/her obligation. Refer to table 4-3.

b. Appointing Authority. An individual designated in writing by the approving authority. The approving authority may act as the appointing authority. The appointing authority appoints financial liability officers, if required; approves or disapproves the recommendations of the responsible officer, reviewing authority, or financial liability officers; and recommends actions to the approving authority. The appointing authority is normally senior to the responsible officer, reviewing authority, accountable officer, and financial liability officer. Refer to table 4-3.

c. Approving Authority. The approving authority makes the determination to either relieve involved individuals from responsibility and accountability or approve the assessment of financial liability. The approving authority may act as the appointing authority or designate an appointing authority in writing. The approving authority is normally senior to the appointing authority. The approving authority will be the Commanding Officer. Refer to table 4-3.

d. Financial Liability Officer. An individual who is appointed in writing by the appointing official who conducts investigations in determining the responsibility for gain, loss, damage, or destruction of government property. The individual so appointed shall not be the accountable or responsible officer or have any direct interest in the property being surveyed. The individual shall be a commissioned officer, warrant officer, enlisted member in grades E-7 through E-9, or civilian employee GS-09 or above. The Financial Liability Officer's findings and recommendations are administrative and not judicial, therefore, their reports are purely advisory. Their opinions do not constitute final determinations or legal judgments, and their recommendations are not binding upon appointing and approving authorities. The Appointing Authority may act as the financial liability officer.

e. Responsible Officer. An individual appointed by proper authority to exercise custody, care, and safekeeping of property book material. Refer to table 4-3.

f. Reviewing Authority. An individual designated in writing by the approving authority to review and analyze the results of supply system stock research. Refer to table 4-3.

3. Assignment of Roles in the Survey Process. Table 4-3 illustrates the roles in the survey process.

4. Relief/Turnover of CO/OIC. All DD Form 200s must be completed and signed by the CO/OIC before turnover.

Table 4-3. Roles in the Survey Process

SURVEY ROLE	ASSIGNED TO
Accountable Officer	Department Head
Responsible Officer	Department Head
Reviewing Authority	XO/MAO
Appointing Authority	CO/OIC/XO
Approving Authority	CO/OIC or Supply Officer (if not accountable)

4201 SURVEY CRITERIA

For unresolved discrepancies that do not meet the criteria requiring a FLIPL, adjustment of the stock/custody record to the inventory on-hand will be accomplished by means of a physical inventory adjustment. The stock record will be adjusted with a physical inventory gain or loss when the discrepancy cannot be resolved after preliminary research. Contingent upon the extended dollar value of the adjustment and type of item involved, causative research will be conducted to determine the cause of the physical inventory adjustment. If the cause of the discrepancy is unresolved, a DD Form 200 will be initiated immediately for the following:

a. Criteria for supply system stock

(1) Sensitive items when any discrepancy exists, regardless of dollar value. Examples include narcotics and drug abuse items, precious metals, items which are highly technical or a hazardous nature, and ethyl alcohol.

(2) Classified items regardless of dollar value.

(3) Arms, ammunition, explosives, and demolition material regardless of dollar value.

(4) Pilferable items, valuable and attractive items that are easily convertible to personal use, such as hand tools, individual

clothing, office machines, photographic equipment, etc., when the extended dollar value of a line item discrepancy is \$750 or more.

(5) Any discrepancy or repetitive loss when there is an indication or suspicion of fraud, theft, or negligence.

(6) Any adjustment of a depot level repairable (DLR), regardless of dollar value.

b. Criteria for Property Book Material. This category consists of all accountable government property other than supply system stock. It includes military real property, military personal property, inventories held in industrial funds, weapons, and other military equipment in use, plant equipment, GPETE, and controlled equipage. When property book material is lost, the Commanding Officer will determine if a FLIPL, DD Form 200, is required to assign responsibility, to adjust records for such property, and to provide relief from accountability. As a rule, all items are subject to survey procedures, with the following exceptions:

(1) Items of nominal value and extended dollar value not exceeding \$750.00 per incident, unless there is suspicion of fraud, theft, or personal negligence.

(2) Property lost during combat operations. These losses are accounted for in other regulations and are not subject to FLIPL.

(3) Discrepancies in quantities transferred to DRMO, provided that the value of the loss is less than \$300 per line item and does not involve sensitive items. A pattern of shortages may trigger an investigation to identify theft or intentional losses of items to avoid preparing turn-in documents.

4202 ADDITIONAL REPORTS

An initial MLSR message report is required for adjustments of sensitive or classified items such as arms, ammunition, and explosives. A FLIPL, DD Form 200, is required as final report if a sensitive item is in inventory. Report of Discrepancy, Standard Form 364, also requires a final report if material is damaged in shipment. For the Discrepancy in Shipment, Standard Form 361, a final report will also be submitted for material damaged in transit.

4203 SURVEY RESPONSIBILITY

All DOD components are accountable for supply system stocks and other government-owned property under their control. Efficient management of naval assets is a matter of top priority for all personnel. It is Navy policy that all shore and afloat activities will comply with survey requirements. Individual responsibility will be clearly

designated for the purposes of initiating, evaluating, and approving the FLIPL, DD Form 200, to determine the liability for the lost, damaged, or destroyed property and to relieve responsibility when there is no evidence of negligence, abuse, or personal responsibility.

4204 SURVEY FORM

The Financial Liability Investigation of Property Loss (FLIPL), DD Form 200, will be used to document all surveys. The DD Form 200 may be obtained through the Naval Publications and Forms Directorate (NPFD) under NSN 0102-LF-011-9100. Previous editions of the DD Form 200 are obsolete. Completed forms must be retained for three years.

4205 SURVEY PROCEDURES

1. Initiation of Inquiries. An inquiry will be initiated immediately after the gain, loss, damage, or destruction is discovered. This inquiry shall be an informal proceeding designed to determine the facts and circumstances leading to the gain, loss, damage, or destruction. The person conducting the inquiry shall be responsible for completing blocks 1 through 11 of the DD Form 200. At a minimum, this inquiry should identify:

- a. What happened?
- b. How it happened?
- c. Where it happened?
- d. Who was involved?
- e. When it happened?

f. Is there any evidence of negligence, willful misconduct, or deliberate unauthorized use or disposition of the property?

All DD Form 200s must be completed prior to relief of the CO/OIC.

2. Review. After accountable and responsible officers have completed their inquiry, the DD Form 200 shall be sent to the appointing authority for review. The appointing authority shall determine if a financial liability officer or financial liability board is needed to conduct an investigation. Legal officials and the member's Commanding Officer must be consulted before statements are taken from anyone suspected of a violation of the UCMJ (Title 10 U.S.C., Chapter 47). Criteria for appointment of a financial liability officer or financial liability board to conduct formal investigation are when:

- a. Recommended by an accountable officer

b. Directed by higher authority

c. Deemed appropriate by the appointing authority, i.e., repetitive losses, evidence of negligence or abuse, large dollar losses, etc.

3. Approval Levels. Approved DD Form 200s are valid supply documents and will support entries made to accountable records for adjusting discrepancies, which were disclosed during causative research. The Commanding Officer/Officer-in-Charge must be the approving authority for all surveys and must not be directly accountable or responsible for the property being surveyed.

4206 PREPARATION OF DD FORM 200

1. The Financial Liability Investigation of Property Loss (FLIPL), DD Form 200, is used to document the report of survey and certify the survey process when government property is lost, damaged, or destroyed. This form is the official document to support establishment of debts, relief from accountability, and adjustment to accountable records for supply system stock and property book material. Detailed preparation instructions for DD Form 200 can be found in reference (a).

2. Distribution of Financial Liability Investigation of Property Loss, DD Form 200, after final action. See reference (a).

4300 MISSING, LOST, STOLEN, OR RECOVERED GOVERNMENT PROPERTY

1. Congress has mandated that the Department of Navy maintain accurate inventories and report material/inventory losses. The Navy's credibility for justification of future funding for systems and spare parts can only be achieved through accurate property records, which includes reported losses. Reports of missing, lost or stolen items are made by a completed copy of a Financial Liability Investigation of Property Loss, DD Form 200, or Supply Discrepancy Report (SDR), Standard Form 364. If you are required to complete a DD Form 200 to adjust plant, minor property, or inventory records, the completed form becomes the vehicle for the MLSR submission. The SDR becomes the reporting vehicle if the shipper denies credit for reported non-receipt or shortages on supply requisitions. MLSR report number will be assigned for each reported incident and shall be numbered sequentially for each calendar year. An example would be: 1992/001-INITIAL. Losses and gains resulting from stock record adjustments will not be reported as an MLSR unless the items qualify under other criteria.

2. For MLSR criteria, see reference (a).